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BEFORE THE ARIZONA CORPORATION

COMMISSIONERS

BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

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IN THE MATTER OF THE COMMISSION ON
ITS OWN MOTION INVESTIGATING THE
FAILURE OF TRUXTON CANYON WATER
COMPANY TO COMPLY WITH
COMMISSION RULES AND REGULATIONS.

DOCKET NO. W-02168A-10-0247

**STAFF'S RESPONSE TO REQUEST FOR
PROCEDURAL CONFERENCE**

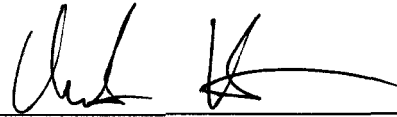
On March 26, 2014, Valle Vista Property Owners Association ("VVPOA") filed a letter in consolidated Docket No. W-02168A-11-0363 et al. ("Rate Case") directed to Truxton Canyon Water Company ("Truxton"). The VVPOA letter requested clarification as to an assertion that the Claude K. Neal Family Trust ("Trust"), the owner of Truxton, has efforts underway to sell certain property, including the Hualapai Well to a developer. Due to the lack of response from Truxton, VVPOA later filed a request for expedited procedural conference on April 1, 2014.

Staff has concerns regarding the asserted potential sale. Staff's analysis of the underlying rate case indicates that the Hualapai Well is necessary to provide water service during Truxton's peak usage months. Likewise, the question of whether the Trust is a public service corporation such that it would require Arizona Corporation Commission authorization in order to lawfully sell any assets that are necessary to providing water utility service is an issue that was requested to be briefed at the close of the proceedings in the Rate Case. Staff notes that the question whether the Trust is a public service corporation is an issue that was also raised within the Order to Show Cause proceeding in Docket No. W-02168A-10-0247 ("OSC Case").

In order to address these concerns, Staff agrees that a procedural conference is warranted. Moreover, in light of the impending due date on briefs in the Rate Case, Staff agrees that the procedural conference should be scheduled on an expedited basis. Because the issues impact both the

1 Rate Case as well as the OSC Case, Staff recommends holding a joint procedural conference for both
2 the Rate Case and OSC Case to discuss these matters.

3 RESPECTFULLY SUBMITTED this 4th day of April, 2014.

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12 Original and thirteen (13) copies
13 of the foregoing filed this
14 4th day of April 2014, with:

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